

May 7, 2003

VIA FACSIMILE AND E-MAIL

Kevin Penders, Esq.
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 03-33

Dear Mr. Penders:

This is a joint letter from the Cape Light Compact (the "Compact") and Commonwealth Electric Company d/b/a NSTAR Electric ("NSTAR") concerning the above-referenced docket. Pursuant to your directive at the pre-hearing conference on April 22, 2003, the parties are reporting on the status of negotiations on the issues raised by the Compact in its petition in D.T.E. 03-33. At the pre-hearing conference, you requested a progress report on negotiations by May 7, 2003, and also established a tentative date for resolution of the dispute by May 21, 2003.

Over the past two weeks, the parties have resolved the issue relating to NSTAR's provision of customer telephone number data to the Compact. An agreement acceptable to both parties was reached, and the customer telephone numbers were provided to the Compact on May 2, 2003.

Furthermore, the parties have also made substantial progress in negotiating an Operating Agreement to govern the provision of data, information, and funding between NSTAR and the Compact in future years. The parties are in the process of negotiating the precise terms of the Operating Agreement and will provide the Department with the status of those negotiations by May 21, 2003. Although the exact terms are still being considered by the parties, it appears that an agreement can be reached on all but one or two of the Operating Agreement provisions, about which provisions the negotiations have not proceeded far enough to predict an outcome with any degree of confidence. One significant issue involves the potential charging of fees for certain data under the Operating Agreement, and the other involves the interest rate to be charged if certain payments are not made in a timely manner.

Kevin Penders, Esq.
May 7, 2003
Page 2

The parties have also made progress concerning the provision of certain data and information to the Compact that had remained outstanding under the terms of the Transition Plan. On April 25, 2003, NSTAR provided the Compact with additional explanations for payments previously made to the Compact, estimated energy efficiency revenues for 2003, and verification of IRM payments. Although NSTAR has not yet provided the Compact with all requested information, it appears that the parties may also be able to resolve this matter prior to the May 21, 2003 deadline.

Therefore, the parties expect to continue negotiations on the provision of data and information under the Transition Plan and the proposed Operating Agreement, and will provide the Department with a status report on the ongoing negotiations by May 21, 2003. Despite the ongoing settlement discussions, the parties reserve their rights to adjudicate before the Department any issues concerning the Transition Plan or the proposed Operating Agreement. Nothing contained in this letter should be implied as a waiver of those rights.

Sincerely yours,

THE CAPE LIGHT COMPACT,

By its attorneys

Jeffrey M. Bernstein, Esq.
Elizabeth M. Heller, Esq.

NSTAR ELECTRIC,

By its attorneys,

Cheryl M. Kimball, Esq.
Andrew Kaplan, Esq.

cc. Secretary Mary Cottrell (via first class mail)
Maggie Downey, Cape Light Compact (via first class mail)
Lisa Carloni, NSTAR Electric (via first class mail)